

Focus On: Women

Winter 2000

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Message from Frank D. Ray SBA Columbus, Ohio District Director

The winter edition of *Focus On: Women* continues to showcase SBA's loan programs. This issue features the Certified Development Company (504) Loan Program. Women are the fastest growing segment of small business owners, starting businesses at twice the rate of all business owners. As women-owned businesses begin to grow, SBA is an excellent source for financing that growth.

The CDC program can assist the growing woman-owned business in structuring long-term, fixed-rate financing for major fixed assets, such as land and buildings. The program is the first national financing program specifically designed for expanding small businesses whose investment will be the creation of jobs.

The 504 program provides reduced risk factors for banks, which opens the doors of opportunity for women-owned business. Women have traditionally been underserved by conventional loan programs. During fiscal year 2000, Region V Certified Development Companies made eighty-eight loans totaling \$27.7 million to women-owned businesses. Our top lender in all program areas in Illinois is a 504 lender – and has a woman as its president.

This could be a program that can assist you in your business growth. The CDC and its professional staff will work directly with you to tailor a financing package that meets program guidelines and the credit capacity of your business.

SBA on the Web...

SBA maintains an extensive web page with over 9.5 millions hits per week. Check out information on the Microloan program or any of SBA's other financing programs. We even have an On-line Women's Business Center full of valuable information and ideas to help you grow your business. Visit us at <http://www.sba.gov> or the Online Women's Business Center at <http://www.onlinewbc.gov>.



Springboard 2001 Mid-west in Chicago

The Springboard 2000 Enterprises and the Women's Business Development Center are pleased to announce Springboard 2001: Mid-West, which will take place in May 2001.

Building on successful venture forums in the Silicon Valley, Mid-Atlantic and New England, Springboard 2001: Mid-West will showcase 25 women-led e-commerce, technology and life-sciences companies to the area's leading investors.

If you are interested in learning more about Springboard 2001: Mid-West, please contact:

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SBA (504) Loan Program

Who says, "Three's a crowd?"

In this issue of *Focus On: Women*, the SBA will showcase our most successful financial assistance program, the Certified Development Company (504) Loan Program.

The 504 Certified Development Company Program enables growing businesses to secure long-term fixed-rate financing for major fixed assets, such as land and buildings. A certified development company is a nonprofit corporation set up to contribute to the economic development of its community or region. CDCs work with the SBA and private-sector lenders to provide financing to small businesses. There are about 290 CDCs nationwide. The program is designed to enable small businesses to create and retain jobs; the CDC's portfolio must create or retain jobs for every \$35,000 of debenture proceeds provided by the SBA.

Typically, a 504 project includes:

- a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost,
- a second loan secured with a junior lien from the CDC (a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the project cost, and
- a contribution of at least 10 percent equity by the borrower.

The maximum SBA debenture generally is \$1 million (up to \$1.3 million in some cases).

Use of Proceeds

Proceeds from 504 loans must be used for fixed-asset projects such as:

- purchasing land and improvements, including existing buildings, grading, street improvements, utilities, parking lots and landscaping;
- construction of new facilities, or modernizing, renovating or converting existing facilities; and
- purchasing machinery and equipment.

The 504 Program cannot be used for working capital or inventory, consolidating or repaying debt, or refinancing.

Terms, Interest Rates and Fees

Interest rates on 504 loans are based on the current market rate for five-year and 10-year U.S. Treasury issues plus an increment above

the Treasury rate, based on market conditions. Only maturities of 10 and 20 years are available. Fees total approximately 3 percent of the debenture and may be financed with the loan.

Collateral

Generally the project assets being financed are used as collateral. Personal guaranties of the principal owners are also required.

Eligibility

To be eligible, the business generally must be operated for profit and fall within the size standards set by the SBA. Loans cannot be made to businesses engaged in speculation or investment.

Ownership of a small business shall be determined without regard to any ownership interest of a spouse arising solely from the application of the community property laws.

New Public Policy Incentive

The 504 Program includes a public policy goal to increase loans to women-owned businesses.

504 SCORE Card (October 1990 to October 2000)

Illinois	106	\$37,918,000
Indiana	166	\$42,371,000
Michigan	67	\$24,027,000
Minnesota	359	\$102,630,864
Ohio	243	\$56,580,000
Wisconsin	78	\$29,516,000
Totals	1019	\$293,042,864

It's a DEAL

"The 504 product can provide the best possible structure for an expanding business. We have provided this financing product to businesses throughout Indiana for over 17 years. I think the true test is the fact that we have had the same company come back and borrow 4 times for subsequent expansions--this is clearly someone who is satisfied with the product and the process. This program is truly a partnership between the local bank, Indiana Statewide Certified Development Company and the SBA. It's working extremely well."

Jean Wojtowicz
Executive Director
Indiana Statewide CDC

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Woman Owned Business Success Stories

Joan DeVeau has found a growing market in central Indiana among young people willing to discipline themselves to the rigors of gymnastics. Her DeVeau's School of Gymnastics reaches hundreds of young men and women who learn the physical arts of uneven bars, floor exercise, balance beam and rings, while developing the healthy work habits the sport requires.

DeVeau received an SBA 504 loan from Indiana Statewide CDC and First Indiana Bank to expand her gym and office in Fishers, Indiana. With this loan, she doubled the size of the facility built just five years ago with her first 504 loan from Indiana Statewide CDC. Kristin Guy was the bank lender for both loans.

Her gymnastic facility now includes 30,000 square feet of gymnasium space, a babysitting room and even a space where parents can work out while their children are in gymnastics class. Thirty people instruct classes at DeVeau's school on full or part-time schedules.

"Getting it Right in Wrightstown"

It's definitely easier, the second time around,' shares Bonnie Van De Hey, the day-to-day manager of Van De Hey Properties, Inc. Bonnie and her husband now own two convenience stores in Wrightstown, a village outside of Green Bay. They used the SBA's 504 Program to develop both of the stores.

Bonnie started dreaming of a family business in 1991. Early in 1992, she began putting her plans in place. Recognizing the potential that existed for establishing a convenience store in their small town, Bonnie started doing her homework. Beginning with a class on preparing the business plan, Bonnie learned about the elements necessary to make a business work. She used resources from the library to the Department of Transportation (for traffic counts). When she had the basic information, she remembered what her business class teacher said, "Keep the plan simple. Most importantly, you need to show the banker how you can repay the loan."

"I developed my plans for the business, using formulas from people in the industry. I started out keeping my projections conservative. I created my first set, then I cut that set down, to see if we could make it under tougher conditions. Finally, I set up a third set of projections, based on the best scenario." (Fortunately, once they started, they exceeded Bonnie's projections.)"

When I first went to the bank, we were told our town was too small to support a store. At that time, c-stores weren't so popular. Through a couple of referrals, Bonnie and her husband ended up working with Cindy Esterling at Great Lakes Asset Corp. Although Bonnie took some additional time to refine her plans, 6 months later Greenleaf Bank agreed to help fund the project.

"Bonnie was the first 504 I did, stated Cindy. Together, we faced a lot of struggles, but Bonnie always stuck with it. She showed complete and total commitment. That's one of the main reasons today, eight years later, she's realized her goal; she's opened her second store."

As Bonnie said, the second time went a lot smoother. This time the bankers were looking for her. Cindy developed a lot of 504 projects. The paperwork went smoothly. Bonnie still is doing all the right things, testing what works and getting rid of what doesn't.

SBA's Midwest

Certified Development Companies (CDC)

Each CDC listed below covers a specific area. Contact the SBA Women's Business Owner Representative in your state or visit the SBA Website for additional information.

Illinois

CenterPoint 504, Inc.	(708) 534-4924
Illinois Business Financial Services	(309) 676-0755
Illinois Small Business Growth Corporation	(217) 787-7557
Rockford Local Development Corporation	(815) 987-8127
Somercor 504, Inc.	(312) 360-3163
South Central Illinois Regional Planning & Development Comm.	(618) 548-4234

Indiana

Business Development Corporation	(219) 235-9278
Community Development Corporation	(219) 427-1127
Indiana Statewide Certified Development Corporation	(317) 843-9704
Premier Capital Corporation	(317) 974-0504
Northwest Indiana Regional Development Corporation	(219) 763-6303

Michigan

Economic Development Foundation	(616) 459-4825
Growth Finance Corporation	(616) 937-7429
Metropolitan Growth and Development Corp.	(313) 224-0749
Michigan Certified Development Company	(517) 373-6378
Oakland County Business Finance Company	(248) 858-0720
West Michigan Lakeshore CDC	(616) 392-2389

Minnesota

Central Minnesota Development Company	(763) 784-3337
Minneapolis Economic Development Company	(612) 673-5181
Minnesota Business Finance Corporation	(320) 255-1685
Prairieland Economic Development Corporation	(507) 836-6656
Region Nine Development Corporation	(507) 625-6056
Saint Paul/Metro East Development Corporation	(651) 631-4900
Southeastern Minnesota 504 Development, Inc.	(507) 288-6442
Twin Cities-Metro Certified Development Company	(651) 481-8081

Ohio

Cascade Certified Development Corporation, Inc.	(330) 376-5550
Certified Development Company of Butler County, Inc.	(513) 887-3404
Certified Development Corporation of Warren County, Inc.	(513) 695-1223
Cincinnati Local Development Company	(513) 352-4989
Citywide Small Business Development Corporation	(937) 226-0457
Clark County Development Corporation	(937) 322-8685
Cleveland Area Development Finance Corporation	(216) 621-3300
Community Capital Development Corporation	(614) 645-6171
County Corp Development	(937) 225-6328
Greene County Development Corp.	(937) 372-0444
Hamilton County Development Company, Inc.	(513) 632-8292
Lake County Small Business Assistance Corporation	(440) 951-1290
Lucas County Improvement Corporation	(419) 243-8251
Mahoning Valley Economic Development Corporation	(330) 759-3668
Mentor Economic Assistance Corporation	(440) 255-1100
Ohio Statewide Development Corporation	(614) 481-3214
Stark Development Board Finance Corporation	(330) 453-5900

Wisconsin

Great Lakes Asset Corporation	1(800)281-6444
Milwaukee Economic Development Corporation	(414) 286-5853
Racine County Business Development Corporation	(262) 638-0234
Western Wisconsin Development Corporation	(715) 357-3334
Wisconsin Business Development Finance Corporation	(608) 258-8830

Region V SBA District Offices

Have any questions or comments?
Give your local Women's Business
Owner Representative a call. We'd be
glad to help you.

Illinois: Chicago

Sylvia Wilkerson
(312) 353-1825
sylvia.wilkerson@sba.gov

Illinois: Springfield

Valerie Ross
(217) 492-4416
valerie.ross@sba.gov

Indiana

Joyce Able
(317) 226-7272
joyce.c.able@sba.gov

Michigan

Catherine Gase
(313) 226-6075 x223
catherine.gase@sba.gov

Minnesota

Cindy Collett
(612) 370-2312
cynthia.collett@sba.gov

Ohio: Cincinnati

Bonnie Schenck
(513) 684-2814
bonnie.schenck@sba.gov

Ohio: Cleveland

Rosemary Darling
(216) 522-4180
rosemary.darling@sba.gov

Ohio: Columbus

Lisa Perrin
(614) 469-6860
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Wisconsin

Cheryl Jordan
cheryl.jordan@sba.gov
(414) 297-3951

Mary Trimmier
(414) 297-3941
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The SBA offers its programs and
services to the public on a non-
discriminatory basis.

It's a DEAL (con't)

"The 504 loan program is truly a 'win-win' situation: the Bank makes a totally secure loan, knowing that they can always recover their 50 percent exposure on a real estate loan. The Borrower receives a below-market, fixed rate of interest from the government for 20 years, plus longer term on their bank money."

Kristin Wood, Director
St. Paul/Metro East CDC

"This program really makes deals doable. It makes a big difference to a borrower that may only have to come up with a 10% down payment rather than 20% (or more). The second major benefit to the borrower is the acquisition of a long term fixed rate. That's typically something that banks don't offer."

The bankers benefit from the work of the CDC that helps pull the deal together. They really understand the ins and outs of the program. It's a good deal all around."

Sue Eick
Firstar Milwaukee

"The SBA 504 Loan made it possible for our company to grow, and the new building has been the foundation of that growth. We have new employees and put all our employees to work in a modern, safe facility."

Nancy Fogelberg, President
American Artstone
Minnesota Small Business Person of the Year

Calendar of Events

Feb. 1	Business Financials to Get Loan	Newark, OH	888.756.2232
Feb. 2	Business Financials to Get Loan	Washington, OH	888.756.2232
Feb. 6	Business Financing Seminar	Madison, WI	608.246.4730 ext. 202
Feb. 6	Loan Preparation Workshop	Evansville, IN	812.425.7232
Feb. 7	Loan Information Meeting	Youngstown, OH	330.746.3350
Feb. 8	TeamSBA Financing Roundtable	Grosse Pointe Park, MI	313.226.6075
Feb. 9	Business Financials to Get Loan	London, OH	888.756.2232
Feb. 13	Finance your Business	Madison, WI	608.263.3909
Feb. 13	Business Financials to Get Loan	Delaware, OH	888.756.2232
Feb. 15	Loan Information Meeting	Cleveland, OH	216.522.4180 ext. 222
Feb. 16	Business Financials to Get Loan	Zanesville, OH	888.756.2232
Feb. 20	How to Get a Loan	Chicago, IL	312.353.7724
Feb. 21	Business Financials to Get Loan	Marysville, OH	888.756.2232
Feb. 22	Loan Information Meeting	Canton, OH	330.499.9600
Feb. 22	TeamSBA Financing Roundtable	Kalamazoo, MI	616.337.7350
Feb. 27	Business Financials to Get Loan	Ashville, OH	888.756.2232
Feb. 28	Business Financials to Get Loan	Lancaster, OH	888.756.2232
Mar. 2	TeamSBA Financing Roundtable	Mt. Clemens,	616.337.7350
Mar. 6	Obtaining an SBA Guaranteed Loan	Chicago, IL	312.353.7724
Mar. 6	Loan Preparation Workshop	Evansville, IN	812.425.7232
Mar. 8	Loan Information Meeting	Warren, OH	216.522.4180 ext. 214
Mar. 9	Lenders Roundtables	Logan, OH	740.593.1797
Mar. 9	TeamSBA Financing Roundtable	Pontiac, MI	616.337.7350
Mar. 14	Loan Information Meeting	Elyria, OH	216.522.4180 ext. 228
Mar. 15	Loan Information Meeting	Cleveland, OH	216.522.4180 ext. 215
Mar. 19	Loan Information Meeting	Toledo, OH	419.243.8191
Mar. 20	Loan Information Meeting	Akron, OH	330.379.3170
Apr. 4	Loan Information Meeting	Youngstown, OH	330.746.3350